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C O N F I D E N T I A L SECTION 01 OF 03 BAKU 001358

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SUBJECT: EUR A/S FRIED DISCUSSES DEMOCRATIC REFORMS WITH
PRESIDENTIAL CHIEF OF STAFF MEHDIYEV

Classified By: AMBASSADOR ANNE E. DERSE PER REASONS 1.4 (B,D).

¶1. (C) SUMMARY: In a November 5 meeting with Presidential Chief of Staff Ramiz Mehdiyev, EUR Assistant Secretary Daniel Fried raised the importance of further developing Azerbaijan's institution building, ensuring transparent and free presidential elections in 2008, and supporting a free press. Mehdiyev pledged that Azerbaijan would hold a transparent and democratic presidential election in 2008, adding that the Government of Azerbaijan (GOAJ) would work with the international community. Fried urged Mehdiyev to embrace the younger generation, calling its values a natural constituency for President Aliyev. Reforms will make Azerbaijan stronger -- not weaker, according to Fried, and a weak Azerbaijan would leave it vulnerable to Russia or Iran -- an option not in U.S. interests. He highlighted the need to protect journalists and not allow an atmosphere of repression to develop further. Mehdiyev and Fried discussed regional issues, noting the strong friendship between Georgia and Azerbaijan and the dangers from both Russia and Iran. Mehdiyev stated that Azerbaijan wanted to be accepted as a friend of the U.S. in the same way Georgia is; he also argued that Azerbaijan's geopolitical position - including pressure from Iran - made it necessary to pursue "evolutionary" reform. END SUMMARY.

¶2. (C) In a cordial meeting with Presidential Chief of Staff Ramiz Mehdiyev November 5, EUR A/S Daniel Fried, along with Ambassador Derse, gave an overview of his meeting with President Aliyev and his impressions from meetings with civil society, political parties and Azerbaijani youth groups (cables septel). Mehdiyev, flanked by Presidential Advisors Novruz Mammadov and Fuad Aleskarov, gave his impressions on Azerbaijan's democratic evolution and acknowledged that it was in Azerbaijan's interests to conduct free, fair and transparent presidential elections in 2008. Mehdiyev praised the existing strong U.S.-Azerbaijan relations, friendship and cooperation. Fried told Mehdiyev that the U.S. is committed to Azerbaijan's future and looks forward to working together to support further democratic reform so that Azerbaijan's strategy is supported by a strong nation. Mehdiyev urged more senior USG visits to Azerbaijan.

U.S.-AZERBAIJAN RELATIONS

¶3. (C) Fried told Mehdiyev that he believed that President Aliyev has a clear strategic vision for Azerbaijan and that the U.S. can easily work with this vision. Fried said that he shared the President's view on Russia, Iran, Georgia and central Asian countries. He said that U.S.-Azerbaijan cooperation on energy issues was progressing positively and that his good discussion with President Aliyev indicated that the U.S. and Azerbaijan see issues in a similar way.

Mehdiyev said that there are large economic and security interests for the U.S. in Azerbaijan. He added that Azerbaijan was working with the U.S. to ensure the safe delivery of the country's energy resources to the world market.

FURTHER INSTITUTION BUILDING NECESSARY

¶ 14. (C) Fried told Mehdiyev that the development of institutions in Azerbaijan was not moving ahead as quickly as he would like. Fried recounted to Mehdiyev his meetings on November 4 with young Azerbaijanis, noting that there were deeply patriotic, pro-Western but worried about the reform process. Calling them a "natural constituency" for President Aliyev, Fried said that they represented the secular, progressive, pro-West, pro-democracy sentiments in Azerbaijani society. Fried said that the U.S. wanted Azerbaijan to be independent for strategic and energy reasons, noting that the EU is now beginning to see similar strategic interests in Azerbaijan and Georgia.

¶ 15. (C) Fried noted that the group of Azerbaijani youths expressed fear about the atmosphere of "political repression," especially against journalists. A/S Fried raised the jailing of local editor Eynulla Fatullayev, recently sentenced to eight and a half years for libel, inciting hatred and terrorism charges. (Mehdiyev did not directly respond to Fried's comments on Fatullayev.) Fried told Mehdiyev that Azerbaijan will be stronger if the international community sees freer press. Fried pressed Mehdiyev, saying that repression of journalists could hurt both Azerbaijani and U.S. goals. He noted that Azerbaijani youth supported the government and President Aliyev and President Aliyev should empower young people to move in the

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right direction.

¶ 16. (C) Fried said that he was concerned about the growing gap between President's Aliyev's strategy and the development of institutions which would lead the strategy into the future. Mehdiyev asked which institutions and Fried listed an independent judiciary, free press, independent election monitoring institutions and a strong banking sector. Fried said that Azerbaijan should not only develop the institutions of police and security. Fried noted that with the increase in energy revenues, Azerbaijan needed strong institutions and banking system in order to prevent corruption and to ensure that Azerbaijan's energy revenues are used for the stabilization and development of the country.

¶ 17. (C) Fried said that U.S. interests in Azerbaijan will succeed with a strong, sovereign, and independent Azerbaijan. A weak Azerbaijan, Fried continued, would leave it vulnerable to Russia or Iran -- an option not in the U.S. interest. He said that the U.S. wants to be a long-term friend of Azerbaijan. The U.S. wants strong Azerbaijani institutions in order to support a strong and viable state for the long-term. Fried told Mehdiyev that reform is stabilizing and that without reform, society can become radicalized. Fried said that reforms will strengthen the government over time and that the U.S. wants "evolution, not revolution."

¶ 18. (C) Mehdiyev agreed with this developmental process, noting that Azerbaijan wants to be part of the European community. He said that Azerbaijan will not divert from its main objectives of becoming a strong nation with strong institutions. Remarking that Azerbaijan has been developing slowly since 1995, Mehdiyev noted that President Aliyev's human nature and character make him a democratic man and he is leading the country in this way.

¶ 19. (C) Mehdiyev stated that Azerbaijan is developing democratically and that there is no other way forward. He

said that Azerbaijan's future lies with democracy. He said that Azerbaijan's way forward on democracy was by "evolution with special consideration for its geopolitical situation." He added that Azerbaijan is the only country in the Commonwealth of Independent States that "makes no problems" for the U.S., citing the problems that Georgia, Ukraine and Russia create.

2008 PRESIDENTIAL ELECTIONS

¶ 10. (C) Turning to the 2008 presidential elections, Fried stated that he hoped it would be the model of free elections. He said that if President Aliyev is elected in a free and fair election, the president's mandate will be clear and strong in the international community. Mehdiyev said that there will be no candidate in the elections as strong as Aliyev. Mehdiyev pledged that Azerbaijan will hold open, transparent and free democratic elections. He said that Azerbaijan had recently sent representatives from the Central Election Committee, Parliament and Presidential Apparatus to Turkey to learn from Turkey's recent parliamentary elections.

He said that Azerbaijan does not fear the elections and would invite international observers as long as the observers do not follow "political instructions" as they had done in the past. (COMMENT: Mehdiyev's oblique comment reflects President Aliyev's oft-noted view that the OSCE observer mission in 2005 was "instructed" to take a harsh view by the U.S. END COMMENT.)

¶ 11. (C) Fried said that the elections monitors will be fair and offered to meet with OSCE election monitoring committee to ensure the OSCE played the election "straight." He said that the U.S. is not interested in an election that is not good; Russia, on the other hand, has an interest in bad elections. Mehdiyev reiterated that the elections need to be clean and that Azerbaijan would cooperate closely with international election monitors, including providing training.

¶ 12. (C) Mehdiyev acknowledged that past elections had not been perfect and that there had problems. He quickly added that no country holds perfect elections, citing United States' 2000 presidential elections. He urged Fried not to allow small problems to ruin an overall well-run election. Fried reiterated that the U.S. wants the next president of Azerbaijan to have a clear and respected international mandate. Fried said that former President Heydar Aliyev created the basic institutions and current President Ilham Aliyev should be the creator of the modern state.

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¶ 13. (C) Wrapping up the discussion on elections and press freedoms, Mehdiyev stated that he agreed with A/S Fried's points and Azerbaijan would continue to develop the country and expand President Aliyev's support base. Fried also raised the need to strengthen the banking system to support entrepreneurs. By providing access to capital and a financial base, entrepreneurs will work to develop the rule of law, stability and progress. These efforts will empower citizens to look toward the West with hope and away from Russia and Iran. Mehdiyev noted that the president had signed measures to support development of non-governmental organizations. Fried shared Secretary Rice's NGO Principles; Mehdiyev asked the Embassy to provide an Azerbaijani translation.

REGIONAL ISSUES

¶ 14. (C) Turning to regional issues, Mehdiyev stated that Azerbaijan's geopolitical situation dictates that it should have strong relations with the U.S. He said that both Russia and Iran are big headaches for Azerbaijan. He told A/S Fried that Iran was a large security threat to Azerbaijan and that it wanted to export its political regime to Azerbaijan and

destabilize the country from inside. Mehdiyev said that Iran's fifth column in Azerbaijan was strong and that the GOAJ understands it well and therefore conducts a sensitive policy with Iran. Mehdiyev highlighted the dangers of narcotics and radical Shia religion coming from Iran. Mehdiyev stated that the GOAJ was conducting internal discussions on the "Islam model" for Azerbaijan.

¶15. (C) Regarding Russia and its interests in Armenia and the Nagorno Karabakh conflict, Mehdiyev stated that Russia had helped Armenia seize 20 percent of Azerbaijan's territory and that Russia was still providing weapons and assistance to Armenia. He said that Russia treats Armenia like a domestic outpost and that Russia cannot be sincere with Azerbaijan on the Nagorno Karabakh conflict, or other regional conflicts. He said that Azerbaijan understands Russia well and that there was one state -- the U.S. -- that could support Azerbaijan.

¶16. (C) Mehdiyev told Fried that while Russia may have strong interests in Azerbaijan, Azerbaijan would remain independent to the end. He said that the GOAJ was conducting an equal, reciprocal and balanced policy vis-a-vis Russia. A/S Fried told Mehdiyev that the U.S. also tries to conduct balanced policy with Russia and encounters difficulties when dealing with countries in Russia's self-perceived "sphere of influence." Fried added that the U.S. does not recognize the Russian sphere of influence. Fried also dismissed any news reports or rumors indicating an agreement between the U.S. and Russia giving Russia the Caucasus region. Turning to Georgia, A/S Fried stated that Georgia was a true friend of Azerbaijan and the U.S. Mehdiyev agreed and stated that Azerbaijan wanted to "be Georgia" -- accepted as a friend of the U.S. in the same way Georgia is.

¶17. (C) COMMENT: Mehdiyev, an extremely powerful and influential member of the Aliyev government, is a critical actor in Azerbaijan's economic and political development. His support for a free and fair presidential election in 2008 is important since he effectively controls Aliyev's political machine in Baku and the loyalty of all the regional governors -- and thus the outcome of any elections. Mehdiyev is no doubt wary of Iranian meddling, but reportedly has many long-time political and economic ties to Russia. Not known for his warm personality or charisma, Mehdiyev smiled and laughed several times during the meeting, taking special note of Fried's assurances that the U.S. wants a strong Azerbaijan, rooted in strong democratic institutions, and his comment that the U.S. seeks "evolution not revolution." At the end of the meeting he hugged Fried -- an unusual sign of emotion. END COMMENT.

¶18. (U) A/S Fried has cleared this cable.
DERSE